

APS Bills Are Incorrect OR APS Website Is Wrong?

December 17, 2019

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Re: in the matter of the rate review and examination of the books and records of Arizona Public Service Company and its affiliates, subsidiaries and Pinnacle West Corporation, E-01345A-19-0003.

Dear Commissioners:

The Commission has an obligation to ensure that APS is providing accurate information to the public and the ratepayers at all times.

I want to bring to your urgent attention the following preliminary finding, along with the potentially serious questions it raises, based on three customers' detailed bill analysis¹ I have conducted:

Since August 2019, the Regulatory Assessment fee on the actual APS bills does not appear to match the fee calculated using the rate shown on the APS website.

Serious Questions:

- **Is the APS billing system calculating the Regulatory Assessment incorrectly?**
- OR**
- **Has the Regulatory Assessment rate changed, but the APS website is out of date for months and is still showing an obsolete rate that no longer applies?**

Regulatory Assessment is a cost imposed on customers of state regulated utilities to help fund the Arizona Corporation Commission (ACC) and residential utility consumer's office, according to APS.² The Regulatory Assessment rate for Residential customers as shown on the APS website³ below, as extracted on December 17, 2019, is: **0.1959%**

Regulatory assessment by customer type	
Customer Type	Regulatory Assessment
Residential	0.1959%

¹ Please see Appendix A

² https://support.aps.com/app/answers/detail/a_id/753/kw/Bill%20glossary

³ <https://www.aps.com/en/Utility/Regulatory-and-Legal/Rates-Schedules-and-Adjustors/Tax-Rates>

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However, for three different customers, the Regulatory Assessment calculated using the above rate does not appear to match the Regulatory Assessment shown on their actual bills starting with the August 2019 bill.

Under Arizona law, all components of APS bill are considered taxable, including the Regulatory assessment and Franchise fee, according to APS.⁴

IF APS is calculating the Regulatory Assessment incorrectly on customers' bills, the implication would be huge. It would mean that APS would have been collecting incorrect Regulatory Assessment amount (highlighted in yellow in Appendix A) from customers for months — possibly reaching hundreds of thousands of dollars on an annual basis — and, in turn, collecting incorrect state, county, and city sales taxes as well because sales taxes would have been based on an incorrect pre-tax bill amount.

On the other hand, **IF** the APS website is showing the incorrect Regulatory Assessment rate, then APS would have provided faulty information to the ratepayers for months.

I urge the Commission to investigate more thoroughly the preliminary findings and questions raised in this filing. If there is an alternate explanation that I am not aware of, other than the ones I have provided above, I would certainly like the ACC to find out and explain to the ratepayers.

At a minimum, the ACC must mandate all utilities to provide a clear, customer-facing explanation (not just a glossary) of each detailed calculation for each of the line items on the electricity bill.

Please let me know if you have any questions or need additional information.

Sincerely,

Abhay Padgaonkar

APS Ratepayer

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PS: It is not clear if a similar problem exists for business customers, but it appears highly likely.

⁴ https://support.aps.com/app/answers/detail/a_id/46/kw/%20+sales%20tax

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APPENDIX A

Customer #1:

3028xxxxx - Phoenix								
	Rate*	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Cost of electricity you used		93.97	132.57	142.42	124.76	78.60	41.66	
Regulatory assessment	0.1959%	0.18	0.26	0.28	0.24	0.15	0.08	
Subtotal		94.15	132.83	142.7	125	78.75	41.74	
Franchise fee	2.0%	1.88	2.66	2.85	2.50	1.58	0.83	
Subtotal		96.03	135.49	145.55	127.5	80.33	42.57	
State sales Tax	5.6%	5.38	7.59	8.15	7.14	4.50	2.38	
County sales tax	0.7%	0.67	0.95	1.02	0.89	0.56	0.30	
City sales tax	2.7%	2.59	3.66	3.93	3.44	2.17	1.15	
Cost of electricity with taxes and fees		104.67	147.69	158.65	138.97	87.56	46.40	
Regulatory assessment on the actual bill		0.18	0.26	0.34	0.30	0.19	0.10	
Potential Over/(Under) Collection vs. the APS website rate		0	0	0.06	0.06	0.04	0.02	
Cost of electricity with taxes and fees on the actual bill		104.67	147.69	158.72	139.03	87.60	46.44	
Higher/(Lower) vs. calculated bill		0	0	0.07	0.06	0.04	0.04	
*Tax Rates: https://www.aps.com/en/Utility/Regulatory-and-Legal/Rates-Schedules-and-Adjustors/Tax-Rates								

Customer #2:

6198xxxxx - Surprise								
	Rate*	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Cost of electricity you used		69.76	107.84	114.92	112.28	67.65	51.18	
Regulatory assessment	0.1959%	0.14	0.21	0.23	0.22	0.13	0.10	
Subtotal		69.9	108.05	115.15	112.5	67.78	51.28	
Franchise fee	2.0%	1.40	2.16	2.30	2.25	1.36	1.03	
Subtotal		71.3	110.21	117.45	114.75	69.14	52.31	
State sales Tax	5.6%	3.99	6.17	6.58	6.43	3.87	2.93	
County sales tax	0.7%	0.50	0.77	0.82	0.80	0.48	0.37	
City sales tax	2.2%	1.57	2.42	2.58	2.52	1.52	1.15	
Cost of electricity with taxes and fees		77.36	119.57	127.43	124.50	75.01	56.76	
Regulatory assessment on the actual bill		0.14	0.21	0.28	0.27	0.16	0.12	
Potential Over/(Under) Collection vs. the APS website rate		0	0	0.05	0.05	0.03	0.02	
Cost of electricity with taxes and fees on the actual bill		77.36	119.57	127.49	124.56	75.04	56.78	
Higher/(Lower) vs. calculated bill		0	0	0.06	0.06	0.03	0.02	
*Tax Rates: https://www.aps.com/en/Utility/Regulatory-and-Legal/Rates-Schedules-and-Adjustors/Tax-Rates								

Customer #3:

8050xxxxx - Phoenix								
	Rate*	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Cost of electricity you used		141.05	256.09	258.47	267.51	117.27	70.83	71.82
Regulatory assessment	0.1959%	0.28	0.50	0.51	0.52	0.23	0.14	0.14
Subtotal		141.33	256.59	258.98	268.03	117.5	70.97	71.96
Franchise fee	2.0%	2.83	5.13	5.18	5.36	2.35	1.42	1.44
Subtotal		144.16	261.72	264.16	273.39	119.85	72.39	73.4
State sales Tax	5.6%	8.07	14.66	14.79	15.31	6.71	4.05	4.11
County sales tax	0.7%	1.01	1.83	1.85	1.91	0.84	0.51	0.51
City sales tax	2.7%	3.89	7.07	7.13	7.38	3.24	1.95	1.98
Cost of electricity with taxes and fees		157.13	285.28	287.93	297.99	130.64	78.90	80.00
Regulatory assessment on the actual bill		0.28	0.50	0.62	0.64	0.28	0.17	0.17
Potential Over/(Under) Collection vs. the APS website rate		0	0	0.11	0.12	0.05	0.03	0.03
Cost of electricity with taxes and fees on the actual bill		157.13	285.28	288.06	298.12	130.69	78.95	80.03
Higher/(Lower) vs. calculated bill		0	0	0.13	0.13	0.05	0.05	0.03
*Tax Rates: https://www.aps.com/en/Utility/Regulatory-and-Legal/Rates-Schedules-and-Adjustors/Tax-Rates								